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NAPA COMPENSATION
QUESTIONNAIRE NOTES

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Date(s) of Interview 9/8/88

I. Compensation System: The LLNL seeks to pay like the market pays for similar talent. Because the Laboratory is a state of the art research facility, it prefers to use market comparators of other premier R & D organizations in the public and private sectors.

What is compensation approach? (How organization manages and why)
The salary systems are all market based and the Laboratory makes a large effort to thoroughly analyze salaries and understand what is going on in the market. Internally, there are seven separate salary structures. Three are merit structures--Scientist and Engineer (S&E), Administrative exempt and non exempt, and Technician exempt and non exempt; and four step salary structures (like the GS system)--Machinists, Facilities (crafts and manual services), Firefighters and Protective Service Officers (the Protective guard force). The merit structures are administered in a real pay for performance mode, with the emphasis being salary management--with this concept the salary rather than the increase amount is the focus and increases are administered to manage the salaries to targeted levels consistent with the relative value rankings.

A. Hire at, above, or below market salary rates, recruitment bonuses used? Because the LLNL is seeking the best of the available talent, it tends to offer start salaries that are above the average of the market, but consistent with other offers these candidates are receiving. Recruitment bonuses are not used.

1. Entry vs. senior level hires. Hiring practices are similar same for both entry and senior hires.

B. Geographic vs. national pay schedules and why? For its S&E's LLNL pays according to the national market, but must take into account the higher salary levels prevalent on the west coast as well.

Many of the research programs have long learning curves stretching to approximately five years, plus 12 to 18 months for receipt of a Q clearance. If salaries become a problem and turnover rises markedly, too large a proportion of the research staff is less than fully productive. For example, if turnover were to reach 8% for S&E's as much as 50% (6.5 years x 8 percent) of the staff might be less than fully productive. This is not a desirable programmatic impact.

C. What are special compensation programs for supervisors and non-managerial staff? The LLNL uses a modified maturity system (this is described in attachment 1, "Your Salary and the Laboratory") which lower level S&E supervisors on the same maturity

curves as non supervisors. This facilitates the movement of researchers back and forth from technical contributor to project leader roles as needed. Because of the nature of much of the LLNL's research this is not an uncommon occurrence. This approach also allows the graceful movement of unsuccessful supervisors back to their prior roles as successful non supervisors.

D. Pay adjustments--Based on market, profitability or ? The annual pay package is justified to DOE on the basis of the cost to reach a market target that will place the Laboratory on market, on average, for the entire fiscal year.

1. Increase or Salary Management? LLNL uses salary management where increases are administered to move salaries to position consistent with each employee's relative value ranking/peer group.

2. Frequency. Each employee's salary is normally reviewed annually on October 1, except for new hires who are eligible for a salary review effective on the first of the twelfth month following their date of hire. Thereafter, they are eligible for salary reviews on each succeeding October 1.

3. Merit increase distributions (common date or Anniversary? exceptions or mid-years) based on individual's performance. Common date basis (October 1) is used for the distribution of salary increases. A few mid-year salary actions other than new hire Anniversary increases are also processed.

4. Amount of increase tied to performance? Yes. The amount of the increase is dependent on the individual's peer group ranking and salary compared to other similarly ranked contributors. Thus, a well regarded but overpaid contributor could have his/her salary vectored downward toward other similarly ranked contributors by the administration of a very modest increase. Highly ranked, low paid contributors can expect to receive relatively large increases to vector their salaries upward.

5. Can non-supervisory pay equal or exceed executive pay?
(dual ladder-have it; your views)

LLNL defines executives as those few individuals having significant management roles and who report directly to the Director of the Laboratory. These salaries are managed by our prime contractor to DOE, the University of California, via their Executive Program.

6. Lead, lead/lag or lag; market target at x % +/- market? The University and its three DOE Laboratories, as a matter of policy, utilize the lead/lag.

E. How important is uniformity of pay across different business lines and organizations? It should be reasonably consistent with market.

1. Uniformity

2. Flexibility

3. Problems/Issues

F. Roughly what portion of total compensation is bonuses or other forms of at risk pay? There are no "at risk" pay programs at LLNL.

G. What is purpose of putting pay at risk? N/A.

H. Who can make exception to your start salary rules? What can they change? Within the confines of the flexibility of the contract, LLNL policy and sound compensation practice, the Compensation Manager, and the Human Resources Manager or Deputy, may make exceptions to specific pay rules.

1. National office only? (What can they waive?)
2. Division VP?
3. Manager/Supervisor?

I. Added Compensation for passing clearance (lifestyle restrictions--can't publish, etc.) No additional compensation is given for getting and maintaining a security clearance.

J. Premium pay (overtime, hazardous duty pay) for professional employees?

1. Do have it? No premium or hazardous duty pay is paid to professional S&E's at the present time. However, LLNL is exploring market practices concerning the payment of shift differentials for S&E's who are assigned and regularly work night or swing shifts.
2. Who is eligible and under what circumstances? N/A.

K. What do you disclose about your pay system to employees?

LLNL's pay system is fully communicated to its employees with complete information and source(s) as follows:

1. Classification descriptions? Classifications are contained in our Appendix A (personnel appendix to the contract with DOE) and are available through supervisors, the Laboratory Library, kiosks located in many on-site building, or by calling the Compensation Division.
2. Rate ranges? Rate ranges are available through supervisors, the Appendix A, or the Compensation Division.
3. Policies/procedures? Policies and procedures are contained in a number of publications and are available through supervisors or the Compensation Division.
4. Individual pay rates? Shortly after the annual salary review, normally in December/January, the Laboratory publishes a list of each employee's salary byname, along with their date of hire, and classification. This list typically sells for approximately \$0.50.
5. Other?

II. RECRUITING APPROACH

What do you sell to recruit staff?

New Graduates/Experienced: There is little difference in treatment between new graduates and experienced candidates.

A. Salary Pay above average to start, as is consistent with market and LLNL's expectation that the new hire is well above average. If it is later discovered that new hire is not as strong a contributor as expected, then their salary level is vectored downward as is consistent with their relative value ranking.

B. Benefits including deferred compensation. Except for top management, the only deferred compensation opportunities are through a 403B plan (similar to the 401K) that is completely employee funded.

C. Career with firm. LLNL has a practice of trying to avoid layoffs by careful management and sue of subcontractors as appropriate. There have been no RIF's since 1972.

D. Opportunity to work with latest technology? LLNL has state of the art technology, equipment and technical challenges. This is not an easy combination to find.

E. Importance of projects, to? In the research work areas, S&E's working have the opportunity to make their views known on issues impacting national policy, and a wide range of views is welcomed.

F. Profit sharing? N/A.

G. Perquisites (work environment)? The work environment is informal in both dress and interactions. High level managers are readily available and the Laboratory is very interested in good employee relations. No unions have exclusive bargaining rights for any group of employees.

H. Ability to work with first class organization (yours)

a. best minds

b. at cutting edge, or? See above for question H.

c. ?

I. New Grad training program? The LLNL has a variety of technical training programs available on-site. These range from short seminars to extensive technical programs leading to an M.S. or PhD through the on-site branch of the University of California, Davis campus. Through its satellite links, on-site courses are offered from Stanford University and others. There is also an education tuition refund program available to all employees upon supervisor's approval.

J. Any other thoughts/concepts? Overall, the ambience at LLNL is further improved by wellness programs, an active recreation association which sponsors a wide range of clubs for employees; an on-site store which sells a variety of items at discount, and referrals to other discount sources. In addition, S&E's can change programs and/or careers with out leaving the LLNL.

III. Special Recruiting-New PhD or experienced?

What would do to attract a world class talent (PhD in Mathematics, MIT - exception, not pipeline talent? At the present time there is top management concern that not enough is being done to attract world class talent. Now these people are recruited by LLNL

technical experts who know the top experts in their fields, and high level management.

A. Would you make exception to your normal classification /compensation rules? LLNL tries to accomodate world class contributors in a variety of ways such as letting them continue consulting within the constraints of conflict of interest rules and any specific security requirements, and work part-time so they can fulfill teaching commitments. For these people, any posting requirements may also be waived.

B. If so, on what basis?

1. Work environment
2. How much flexibility to keep a hook in them?
3. Conflict of interest issues? Competition?

C. How do you pay top people?

1. Pros/Cons or problems in your system? A problem, particularly for recently degreed individuals, is that they are making a long-term career decision early on. That is because the work is classified, they can't publish their work in the open media and build their reputation outside of the classified community. Thus there is potential for these people to be stuck at LLNL.

IV. Workforce Concept

What kind of workforce concept are you operating under?

A. Lifetime career, no layoff? LLNL expects and hopes to have its successful employees make their careers and the Laboratory.

B. Only for duration of project? People hired for a short-term project are generally placed in a "term" status, and are not a lot of these.

C. Hire cutting edge recruits from school; edge out with slow raises after a few years, or? After recently hired employees have been with the LLNL for a few years their salaries vectored either up or down via the careful administration of salary increases to place their salaries at a point consistent with their respective rank groups as determined by the relative value ranking process.

D. Fully experienced, proven talent from other organizations?

E. Government/Military as a source? If the appropriate expertise is available from the Government or Military, the LLNL will attempt to entice these people to join the LLNL staff in a capacity consistent with their other obligations

F. Revitalization of burned-out people? If so what, what

conditions? The LLNL used to have a "revitalization" program for well regarded, longer service professionals. It has not been utilized much in recent years.

V. Employee Mobility

Do you move your professional staff? What levels? (e.g. Management only? Technical?

A. What problems, if any, are you having?

B. What solutions are you using that work best?

C. How do you keep transferees whole?

1. Family
2. Spouse
3. Second wage earner
4. Schools
5. Other
6. Additional services offered?

VI. General Support

Do you have:

A. Second career support - Outplacement activity/consultant?

B. Do you rely on short term "borrowing" of staff from research organizations/universities. etc. (conditions 18-24 months; person goes back to prior job) - Conflict of interest, sabbatical issues?

C. Flexible Benefits (Upper mid-level to below Officer)